

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response..... 12.00



10029735

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8- 67036

FACING PAGE  
**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2009 AND ENDING 12/31/2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HOLD BROTHERS EXECUTION SERVICES, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

525 WASHINGTON BLVD, 14TH FLOOR

(No. and Street)

JERSEY CITY

(City)

NEW JERSEY

(State)

07310

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

ROBERT A. VALLONE

(201) 499-8735

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

WAGNER, MOREY & NEE, LLC

(Name - if individual, state last, first, middle name)

2571 BAGLYOS CIRCLE, SUITE B20

(Address)

BETHLEHEM

(City)

PA

(State)

18020

(Zip Code)

**CHECK ONE:**

- Certified Public Accountant  
 Public Accountant  
 Accountant not resident in United States or any of its possessions.

SEC  
Mail Processing  
Section

MAR 01 2010

Washington, DC

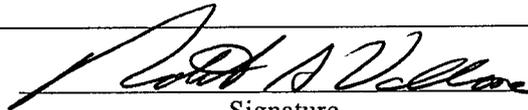
**FOR OFFICIAL USE ONLY**

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, ROBERT A. VALLONE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HOLD BROTHERS EXECUTION SERVICES, LLC, as of DECEMBER 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
Signature

CHIEF FINANCIAL OFFICER

SARAH-RACHEL WALTERS Title  
Notary Public State of New York  
No. 01WA5049715  
Qualified In Richmond County  
Commission Expires September 18, 2013

  
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

## HOLD BROTHERS EXECUTION SERVICES, LLC

### Contents

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Statement of financial condition as of December 31, 2009	2
Notes to financial statements	3 - 4



**Wagner, Morey & Nee, LLC**

Certified Public Accountants and Consultants

## INDEPENDENT AUDITOR REPORT

To the Members  
Hold Brothers Execution Services, LLC:

We have audited the accompanying statement of financial condition of Hold Brothers Execution Services, LLC (the "Company") as of December 31, 2009 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Hold Brothers Execution Services, LLC at December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

*Wagner, Morey & Nee, LLC*

Wagner, Morey & Nee, LLC  
Bethlehem, PA 18020  
February 19, 2010

**HOLD BROTHERS EXECUTION SERVICES, LLC**

**Statement of Financial Condition  
December 31, 2009**

**ASSETS**

Cash and cash equivalents	\$ 200,154
Receivable from broker-dealers and clearing organizations	24,093
Deposits with clearing organizations and others	910,000
Prepaid expenses	510
Receivable from related party	<u>20,571</u>

**TOTAL ASSETS**

\$ 1,155,328

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 297,294</u>
---------------------------------------	-------------------

**TOTAL LIABILITIES**

297,294

**MEMBERS' EQUITY**

858,034

858,034

**TOTAL LIABILITIES AND MEMBERS' EQUITY**

\$ 1,155,328

See notes to financial statements

## **HOLD BROTHERS EXECUTION SERVICES, LLC**

**Notes to Financial Statements  
December 31, 2009**

### **NOTE A – ORGANIZATION**

#### **Nature of business**

Hold Brothers Execution Services, LLC (the “Company”) was organized in 2005 in the State of Delaware as a limited liability company. The Company is a registered broker-dealer with the Securities and Exchange Commission (the “SEC”) and is a member of the New York Stock Exchange (the “NYSE”).

The Company’s business consists of routing customer and proprietary equity securities orders for execution on the New York Stock Exchange for the benefit of Hold Brothers On-Line Investment Services, LLC, a related company.

### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and cash equivalents:**

Cash and cash equivalents include cash and money market accounts.

#### **Securities transactions:**

Securities transactions and the related revenues and expenses are recorded in the financial statements on a trade date basis.

#### **Income taxes:**

A limited liability company is treated as a partnership for income tax purposes and is not subject to income taxes. The taxable income or loss of the Company is includible in the income tax returns of its members. Therefore, no provision for income tax has been provided.

#### **Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE C – RELATED PARTY TRANSACTIONS**

The Company has a trade execution agreement with Hold Brothers On-Line Investment Services, LLC, a related company. Receivable from related party represents \$20,571 due from Hold Brothers On-Line Investment Services, LLC.

**HOLD BROTHERS EXECUTION SERVICES, LLC**

**Notes to Financial Statements  
December 31, 2009**

**NOTE D – NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital, as defined and requires that the ratio of aggregate indebtedness, as defined, to net capital, shall not exceed 15 to 1.

At December 31, 2009, the Company had net capital of \$834,330, which was \$734,330 in excess of its required net capital of \$100,000. The Company ratio of aggregate indebtedness to net capital was .36 to 1.

Capital withdrawals are subject to certain notification and other provisions of the net capital rules of the SEC.

**NOTE E – CREDIT AND MARKET RISK**

At December 31, 2009, cash and cash equivalents were held on deposit at diversified U.S. financial institutions.

Hold Brothers  
Execution Services, LLC  
SIPC Report  
December 31, 2009



**Wagner, Morey & Nee, LLC**  
Certified Public Accountants and Consultants

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
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WAGNER, MOREY & NEE, LLC

(Name - if individual, state last, first, middle name)

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Washington, DC  
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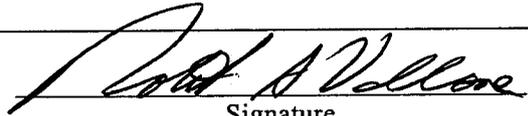
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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature

CHIEF FINANCIAL OFFICER

  
Notary Public

**SARAH-RACHEL WALTERS**  
Notary Public State of New York  
No. 01WA5049715  
Qualified in Richmond County  
Commission Expires September 18, 2013

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CONFIDENTIAL



# Wagner, Morey & Nee, LLC

Certified Public Accountants and Consultants

525 Washington Blvd., 14<sup>th</sup> Floor  
Jersey City, NJ 07310

To the Members of Hold Brothers Execution Services, LLC:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protections Corporation (SIPC) for the period from April 1, 2009 to December 31, 2009, which were agreed to by Hold Brothers Execution Services, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Hold Brothers Execution Services, LLC's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Hold Brothers Execution Services, LLC's management is responsible for the Hold Brothers Execution Services, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records entries, copies of canceled checks and cash disbursement journal, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the period April 1, 2009 to December 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the period April 1, 2009 to December 31, 2009, noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers, quarterly FOCUS reports and general ledger detail of noted accounts, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers (client prepared schedule and related general ledger detail) supporting the adjustments, noting no differences.

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We were not engaged to, and did not conduct and examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Wagner, Morey & Nee, LLC*

Wagner, Morey & Nee, LLC  
Bethlehem, PA 18020  
February 19, 2010

CONFIDENTIAL

**SIPC-7T**

(27-REV 3/09)

**SECURITIES INVESTOR PROTECTION CORPORATION**  
805 15th St. N.W. Suite 800, Washington, D.C. 20005-2215  
202-371-8300

**Transitional Assessment Reconciliation**

**SIPC-7T**

(27-REV 3/09)

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

067036 FINRA DEC  
Hold Brothers Execution Services  
LLC 10\*10  
525 Washington Blvd Suite 1400A  
Jersey City NJ 07310-1646

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to [form@sipc.org](mailto:form@sipc.org) and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

2. A. General assessment [item 2e from page 2 (not less than \$150 minimum)]

\$ 7,916.76

B. Less payment made with SIPC-4 made in January, February or March 2009 (For all fiscal year ends except January, February, or March)

( 817.20 )

12/09, 1/29/09, 2/14/10  
Date Paid

C. Assessment balance due

7,099.56

D. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum

E. Total assessment balance and interest due (or overpayment carried forward)

\$ 7,099.56

F. PAID WITH THIS FORM:

Check enclosed, payable to SIPC  
Total (must be same as E above)

\$ 7,099.56

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Hold Brothers Execution Services, LLC  
(Name of Corporation, Partnership or other organization)

[Signature]  
(Authorized Signature)

Dated the 25 day of February, 2010.

Chief Financial Officer  
(Title)

**\*Amended\***

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**  
Dates: Postmarked Received Reviewed  
Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_  
Exceptions:  
Disposition of exceptions:

AND GENERAL ASSESSMENT

Amounts for the fiscal period beginning April 1, 2009 and ending 12/31/2009 Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

3,166,703

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
(2) Net loss from principal transactions in securities in trading accounts.
(3) Net loss from principal transactions in commodities in trading accounts.
(4) Interest and dividend expense deducted in determining item 2a.
(5) Net loss from management of or participation in the underwriting or distribution of securities.
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
(7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
(2) Revenues from commodity transactions.
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
(4) Reimbursements for postage in connection with proxy solicitation.
(5) Net gain from securities in investment accounts.
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

-0-

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$

(ii) 40% of interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

3,166,703

2e. General Assessment @ .0025

7,916.76

(to page 1 but not less than \$150 minimum)